

UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF VERMONT

U.S. DISTRICT COURT
DISTRICT OF VERMONT
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UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
USDT in Two Wallets for a total of)
1,897,169.648281 USDT as of July 26, 2024,)
)
Defendant in rem.)

Case No:

2:24-cv-1011

DECLARATION

I, Justin Woodford, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a Special Agent with the Federal Bureau of Investigation and have been since January 2021. Since becoming a Special Agent, I have been assigned to a Cyber Crime Task Force in Albany, NY. I am responsible for investigating complex criminal computer intrusions and cyber fraud, including fraud involving cryptocurrency. I have experience working ransomware, business email compromise, and cryptocurrency trading platform fraud cases, commonly known as "Pig Butchering". I have received training related to cyber security, open-source intelligence, and reverse malware engineering and have a bachelor's degree in computer and information science. I have participated in the execution of search warrants involving electronic evidence, including searches of email accounts and computers.

2. The facts set forth in this affidavit are based on my personal knowledge, including what I have learned through my training and experience as a law enforcement officer, my review of documents and other records obtained in the course of this investigation, and information I have

obtained in the course of this investigation from witnesses having personal knowledge of the events and circumstances described herein and other law enforcement officers, all of whom I believe to be truthful and reliable. I have not included in this affidavit every detail I know about this investigation. Rather, I have included only the information necessary to establish probable cause that the property is subject to forfeiture.

3. I submit this affidavit to show probable cause to believe that the defendant Property, described below, constitutes proceeds of, or was involved in, a fraud and money laundering scheme in which unknown cyber actors used wire transactions to take customer deposit funds from an account at Remitano, a Lithuanian cryptocurrency exchange, in violation of Title 18, United States Code, Sections 1343 (wire fraud), 1956 (laundering of monetary instruments), and 1957 (engaging in monetary transactions in property derived from specified unlawful activity), and therefore is subject to civil forfeiture under 18 U.S.C. §§ 981(a)(1)(A) and 981(a)(1)(C).

4. The defendant Property (hereinafter “the Property”) consists of Tether (USDT) seized from the following Target Wallets, with the listed balances as of July 26, 2024 (for a total of 1,897,169.648281 USDT across two networks, Ethereum (ETH) and Tron (TRX)):

- i. Target Wallet 1 (0x74530e81E9f4715c720b6b237f682CD0e298B66C):
USDT/ETH 1,359,253.29346
- ii. Target Wallet 2 (TEDNf1aqq8YJEUdNH9NRd4MqibZmdP49Fm):
USDT/TRX 537,916.354821.

5. The Property is currently in the custody of the U.S. government. It was seized pursuant to a warrant issued in this Court on July 30, 2024, *see* 2:24-mj-83, and is currently held in two government wallets, addresses 0xD8bc6a969D21039628d07AA63a5cd18DAb918153

(Target Wallet 1 funds) and TQCHjRw4Ufq3nsxTBYFv6UavGV4WRVjeKo (Target Wallet 2 funds).

Facts Supporting Findings of Probable Cause

6. **Stablecoins:** Stablecoins are a type of virtual currency whose value is pegged to a commodity's price, such as gold, or to a fiat currency, such as the U.S. Dollar, or to a different virtual currency. For example, USDC is a stablecoin pegged to the U.S. dollar. Stablecoins achieve their price stability via collateralization (backing) or through algorithmic mechanisms of buying and selling the reference asset or its derivatives.

7. **Tether (USDT):** "TetherUS" (USDT), also referred to as "Tether," is a cryptocurrency purportedly backed by United States dollars. Tether was originally designed to always be worth \$1, and the company responsible for issuing Tether purportedly maintained \$1 in reserves for each Tether issued. As of January 1, 2024, one Tether coin was worth approximately \$1 USD. Tether Limited ("Tether") is a company that manages the smart contracts and the treasury (*i.e.*, the funds held in reserve) for USDT tokens.

8. On or around September 14, 2023, a cyber-attack at Remitano, a cryptocurrency exchange registered in Vilnius, Lithuania as UAB Retech Labs, with international customers including in the United States, led to the theft of virtual assets across multiple networks. According to reports of the theft, an unknown cyber actor redirected virtual assets from Remitano's accounts into accounts associated with the theft scheme.

9. The FBI reviewed blockchain data and observed the following transactions of USDT leaving Remitano:

a. On September 14, 2023 at 13:07 UTC, transaction hash

04f3103388a311db69c5b301c675f7fe1a847d9fb1aledaf0d98950ecf37b14b,

where 69,694.5122 USDT/TRX was observed sent from
TLYCaS9cZErMpUuwjZQbkFvYqx6Zaq11hE (Remitano's hot wallet¹) to
TEDNflaqk8YJEUdNH9NRd4MqibZmdP49Fm (Target Wallet 2).

- b. On September 14, 2023 at 12:36 UTC, transaction hash
f29c1ebf6f62a180b3c0d6fc0a299c12c989efaf8edc74a9da5a6553f6ee923c, where
468,221.842621 USDT/TRX was observed sent from
TLYCaS9cZErMpUuwjZQbkFvYqx6Zaq11hE (Remitano's hot wallet) to
TEDNflaqk8YJEUdNH9NRd4MqibZmdP49Fm (Target Wallet 2).
- c. On September 14, 2023 at 12:45 UTC, transaction hash
0xe0725362fd774de0d8416d5e3d028063508ffa61f68087c576320e42159677a9,
where 1,359,253.29346 USDT/ETH was observed sent from
0x2819c144D5946404C0516B6f817a960dB37D4929 (Remitano's hot wallet) to
0x74530e81E9f4715c720b6b237f682CD0e298B66C (Target Wallet 1).

10. The United States Attorney's Office in the District of Vermont, the Federal Bureau of Investigation, and other private entities requested Tether to voluntarily restrain the TARGET PROPERTY such that Tether in Target Wallet 1 and Target Wallet 2 could not further transact with the USDT contract on the Tron network (TRX) and Ethereum network (ETH). On September 14, 2023, Tether reviewed the request and agreed to prevent further movement of the Target Property.

11. On or around July 15, 2024, a representative of the legal team at Remitano contacted the FBI. The representative stated that Remitano hired a third-party company, CryptoForensic

¹ Hot wallets are cryptocurrency wallets with a connection to the internet. This allows the administrator of the wallet to make transactions more quickly on the blockchain. This type of wallet is optimal for larger volumes of transactions. At an exchange such as Remitano, the hot wallet facilitates transactions for all its users.

Investigators, to investigate the event and assist in the recovery efforts of the stolen assets. CryptoForensic Investigators concluded that a security breach occurred at Remitano because of a vulnerability in a third-party service that ultimately led the theft of cryptocurrency from the Remitano exchange hot wallet. The representative confirmed that the transactions the FBI observed moving into the Target Wallets were not initiated by or for Remitano and represented movement of funds involved in, and the proceeds of, the crime.

12. On July 30, 2024, this Court issued a warrant authorizing the government to seize the Property from Tether. In compliance with that warrant, the Property was transferred into a U.S.-government controlled wallet pending further proceedings.

Conclusion

12. Based on the information set forth above and on my training and experience, I believe there is probable cause that the Property constitutes proceeds of, or was involved in, a fraud and money laundering scheme in violation of Title 18, United States Code, Sections 1343 (wire fraud), 1956 (laundering of monetary instruments), and 1957 (engaging in monetary transactions in property derived from specified unlawful activity), and therefore is subject to civil forfeiture under 18 U.S.C. §§ 981(a)(1)(A) and 981(a)(1)(C).

13. I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 17, 2024.

/s/ Justin Woodford

Justin Woodford, FBI Special Agent